

COPY

FILED

STATE OF INDIANA

APR 16 2004

INDIANA UTILITY REGULATORY COMMISSION

INDIANA UTILITY
REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF UNITED)
TELEPHONE COMPANY OF INDIANA, INC., d/b/a)
SPRINT ("SPRINT") TO INITIATE A PROCEEDING)
IN ACCORDANCE WITH SPRINT'S STIPULATION)
AND SETTLEMENT AGREEMENT AND THE)
COMMISSION'S DECEMBER 29, 1999 ORDER IN)
CAUSE NO. 40785-S3)

CAUSE NO. 42459

RESPONDENT: UNITED TELEPHONE COMPANY)
OF INDIANA, INC., d/b/a SPRINT ("SPRINT"))

TSLRIC TEMPLATE AND TARIFF SUBMISSION PROCESS AGREEMENT

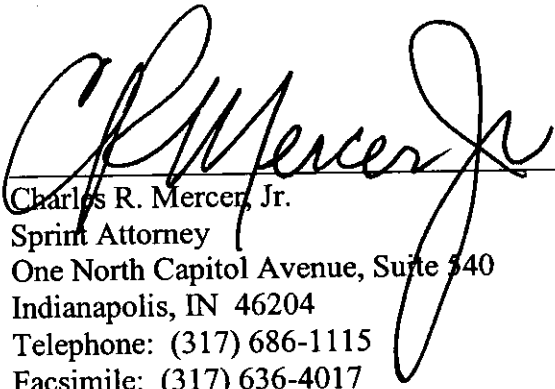
The Staff of the Indiana Utility Regulatory Commission ("Commission" or "IURC"), the Indiana Office of Utility Consumer Counselor ("OUCC"), and United Telephone Company of Indiana, Inc., d/b/a Sprint ("Sprint") (hereinafter collectively referred to as the "Settling Parties") have reached agreement on the: (1) Template for TSLRIC Studies and (2) Tariff Submission Process, attached hereto, which they hereby respectfully submit to the Commission.

The Settlement Agreement in this Cause, approved by the Commission on December 30, 2003, stated that the Settling Parties would work together to develop agreed upon TSLRIC methodologies and appropriate filing procedures within ninety (90) days following the Agreement being approved.

On April 2, 2004, the OUCC, on behalf of the Settling Parties filed a Motion for Extension of Time until April 16, 2004 to allow the Parties to continue working collaboratively toward an agreement on an appropriate TSLRIC Template and Submission Process. The Presiding Officers granted the Motion for Extension of Time through its Docket Entry, issued on April 14, 2004.

Sprint has been authorized by counsel for the Commission Staff and the OUCC to submit the attached Template for TSLRIC Studies and Tariff Submission Process on behalf of all of the Settling Parties. The Parties respectfully request that the Commission accept this material as the appropriate TSLRIC methodologies and filing procedures to be followed in this Cause.

Respectfully submitted this 16th day of April, 2004,



Charles R. Mercer, Jr.
Sprint Attorney
One North Capitol Avenue, Suite 340
Indianapolis, IN 46204
Telephone: (317) 686-1115
Facsimile: (317) 636-4017

Joseph R. Stewart
Senior Attorney
50 West Broad Street, Suite 3600
Columbus, OH 43215
Telephone: (614) 220-8625
Facsimile: (614) 224-3902

CERTIFICATE OF SERVICE

Cause No. 42459

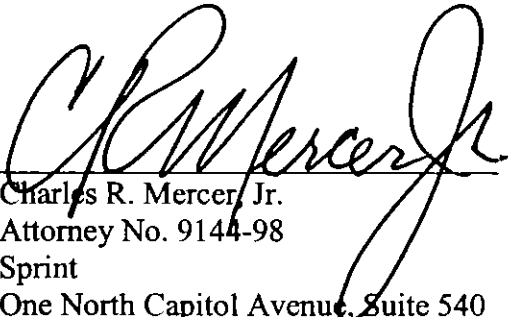
The undersigned counsel hereby certifies that on the 16th day of April, an original and 13 copies of the foregoing document, the "TSLRIC Template and Tariff Submission Process Agreement" were delivered to the Indiana Utility Regulatory Commission and a copy was served upon the following counsel electronically or by United States Mail, first class postage prepaid:

Ms. Kristina Kern Wheeler, General Counsel
Ms. Andrea Brandes, Assistant General Counsel
Indiana Utility Regulatory Commission
302 West Washington Street, Suite E306
Indianapolis, IN 46204-2764

Ms. Karol Krohn
Indiana Office of Utility Consumer Counselor
IGCN, Room N 501
100 North Senate Avenue
Indianapolis, IN 46204

Mr. Clayton C. Miller
Baker & Daniels
300 North Meridian Street, #2700
Indianapolis, IN 46204

Mr. Douglas Trabaris
Mr. Clark Stalker
AT&T
227 W. Adams Street, Suite 1500
Chicago, IL 60606



Charles R. Mercer, Jr.
Attorney No. 9144-98
Sprint
One North Capitol Avenue, Suite 540
Indianapolis, IN 46204

**TEMPLATE FOR TSLRIC STUDIES
UNITED TELEPHONE COMPANY OF INDIANA, INC. D/BA/ SPRINT
UNDER CAUSE NO. 42459**

1. BASIS, PURPOSE, APPLICABILITY, AND AUTHORITY

This template is to provide guidelines for TSLRIC studies when Sprint is required to file a cost study under Cause No. 42459. These guidelines do not conflict with any other provision of law, and are not duplicative or overlapping.

2. DEFINITIONS.

Unless the context otherwise requires, the following definitions shall apply to TSLRIC studies prepared under the Price Regulation Plan approved in Cause No. 42459:

- (1) Fixed Cost. A cost which is invariant with respect to the volume of output, within the specified planning horizon. Such a cost must be paid regardless of how many units the firm produces, or whether it produces at all, as long as the firm does not withdraw entirely from the relevant market.
- (2) Long-Run Costs. The costs incurred by a firm operating in a planning horizon where all elements of the production process can be varied, including the size and type of facilities and other utilized resources.
- (3) Price Floor. A minimum level below which Sprint shall not price a service.
- (4) Services. Intrastate telecommunications products or services offered by Sprint.
- (5) Total Service Long Run Incremental Cost. Total service long run incremental cost is equal to the firm's total cost of producing all of its services assuming the service (or group of services) in question is offered minus the firm's total cost of producing all of its services excluding the service (or group of services) in question.

The strict definition of total service long run incremental cost requires that it be calculated by first doing two total cost studies and then subtracting one from the other. On the other hand, an estimate of total service long run incremental cost can be made directly.

The strict definition of total service long run incremental cost incorporates a forward looking concept which should, therefore, include the costs that the firm would incur today if it were to install its network from scratch. On the other hand, an estimate of total service long run incremental cost can be generated by assuming that the geographic locations of routes and possible switching locations are the same as those available to the firm today and that the types of technological change in the future can be anticipated. In making this estimate, the assumptions behind it should be made explicit.

Total service long run incremental cost includes both fixed and variable costs specific to the service (or group of services) in question.

The total service long run incremental cost for a group of services is at least equal to the sum of the total service long run incremental costs of the individual services within the group.

- (6) Variable Cost. A cost that changes (but not necessarily proportionately) either with the number of units produced of a given set of services or with the number of services provided.

3. CATEGORIES OR TIERS OF SERVICE

Complete descriptions of each of the three (3) categories or tiers of service referenced in these Rules can be found in the Price Regulation Plan for Sprint, which is incorporated herein by reference. (See "Attachment A" to the Settlement Agreement ("SA") the Commission approved on December 30, 2003, in Cause No. 42459.)

4. COSTING OF SPRINT'S TELECOMMUNICATIONS SERVICES

4.0 SUMMARY OF KEY POINTS TO INCLUDE IN TSLRIC STUDIES.

The following items should be clearly stated in the TSLRIC studies Sprint submits under the Price Regulation Plan approved in Cause No. 42459 (Attachment A to the Settlement Agreement):

- (a) Service Description(s). The service(s) examined in the cost study shall be clearly defined in terms of technical characteristics, functionality, application and availability.
- (b) Demand. Sprint shall provide the demand used in the TSLRIC computation.
- (c) Material Investment. Sprint shall provide details of all its material investment (inventory, supply expenses, sales taxes, etc.) in the TSLRIC computation.
- (d) Labor Investment. Sprint shall provide details of all the labor investment in the TSLRIC computation.
- (e) Utilization (or Fill) Factors. Sprint shall provide details of the utilization (or fill) factors in the TSLRIC computation.
- (f) Depreciation. Sprint shall provide details of depreciation schedules used in its TSLRIC computation.
- (g) Cost of Capital. Sprint shall provide details of the calculation of cost of capital used in its TSLRIC computation.

- (h) Federal, State, and Local Income Taxes. Sprint shall provide details of federal, state, and local income taxes in its TSLRIC computation.
- (i) Maintenance. Sprint shall provide details of all its maintenance expenses incurred in order to keep equipment resources in usable condition in its TSLRIC computation.
- (j) Ad Valorem Taxes. Sprint shall provide details of all its ad valorem taxes in its TSLRIC computation.
- (k) Administrative. Sprint shall identify the administrative expenses included in its TSLRIC computation.

A completed TSLRIC summary sheet (see TSLRIC Template included as “Attachment 1”) should be included in any TSLRIC study Sprint submits for approval under the Price Regulation Plan approved in this Cause.

4.1 COSTING.

- (a) At the time of a tariff filing, total service long run incremental cost studies must be provided. Total service long run incremental cost studies will be used to establish price floors as described in the Settlement Agreement.
- (b) Cost studies must be performed as required by the Settlement Agreement.
- (c) If a bundle of services includes primary line residential basic exchange service, Sprint may use the basic local exchange rate contained in its tariff in lieu of the TSLRIC for BLS.
- (d) Individual cost studies for each service must not have been performed more than three years prior to their being filed.

4.2 PRICING. (PLEASE SEE SA EXHIBIT A 2., 3., 4., AND 5.)]

5. CONTENTS OF COST STUDIES TO BE PROVIDED TO THE COMMISSION AND THE OUCC

5.1 CONTENTS.

- (a) At the time of a tariff filing, total service long run incremental cost studies must be provided.
- (b) For practical reasons, all cost studies require a degree of simplification and approximation, and no study can be perfectly accurate. However, Sprint's studies must be in accordance with the definitions of TSLRIC in section 2 above.
- (c) The provider must explicitly identify all instances in which its estimate deviates from the specific definitions of the cost type in section 2 of this template. A written explanation must be provided which justifies each such deviation on the basis of data limitations, methodological simplicity, or other practical considerations. The explanation must be sufficiently clear and detailed to allow interested parties to judge whether or not the deviation is justified and to understand its potential significance. The Commission has the ultimate power either to grant or deny each specific deviation.

5.2 REQUIRED WORKPAPERS.

- (a) Sprint will submit workpapers to the Commission and the OUCC associated with the development of the TSLRIC Template included as Attachment 1 to these guidelines. These workpapers must clearly present all the data used in developing the TSLRIC Template. Sprint will attempt to provide any additional information the Commission or OUCC believe they need to see on a case-by-case basis.

TSLRIC Template – Cause No. 42459**REVENUE/COST COMPARISON**

1. Total Annual Revenues	\$
2. Total Annual TSLRIC Costs	\$
3. Total Contribution	\$
4. Percent Contribution	%

KEY COST INPUTS

5. Cost of Capital	%
6. Depreciation Schedule	See Attached
7. Fill Factors	See Attached

INVESTMENTS AND COST SUMMARY

8. Investments	
Transport	\$
Electronics	\$
Other	\$
 Total	 \$

DISAGGREGATED ANNUAL COSTS

9. Depreciation	\$
10. Cost of Capital	\$
11. Income Tax	\$
12. Maintenance	\$
13. Ad Valorem Tax	\$
14. Administrative Expenses	\$
15. Annuity of Nonrecurring Charges (if warranted)	\$
 16. Total Annual Costs	 \$

Pursuant to the Commission's December 30, 2003, Order approving the Settlement Agreement in Cause No. 42459, the information contained in this TSLRIC Template together with cost studies and workpapers submitted therewith will be treated as CONFIDENTIAL AND PROPRIETARY under Ind. Code 8-1-2-29. [See Section 3(a)(i) of the Price Regulation Plan attached to the Settlement Agreement as "Exhibit A." See also Finding Paragraph 4 on p. 6 of the Commission's December 30, 2003 Order.]

TARIFF SUBMISSION PROCESS

1 REQUIREMENTS REGARDING CONTENT OF TARIFF FILINGS.

Since each of the three (3) separate service categories or tiers in the Settlement Agreement ("SA") the Commission approved in its December 30, 2003 Order in Cause No. 42459 have different tariff approval requirements, tier designations should be clearly stated on all tariff submissions under Cause No. 42459. All tariffs filed with the Commission under Cause No. 42459 shall include complete description(s) of affected service(s) and proposed rate adjustment(s). Required cost studies must be submitted to the Commission and the OUCC together with any tariff filings made under Cause No. 42459.

2 TARIFF FILING PROCESS.

Following is a description of how tariff changes for each of the three service tiers will be filed with and processed by the Commission. (A procedural diagram of the tariff review process summarizing the different tariff filing and review procedures for each of the 3 service tiers is included as "Attachment 2".)

(a) Tier 1 - BLS/BLS Related Services (Priced Capped)

Tariff changes submitted for Tier 1 services will take effect ten (10) business days after the filing date, subject to the following requirements:

- (i) Any petition in opposition to Sprint's proposed tariff shall be submitted to the Commission within ten (10) business days of the tariff filing date. All petitions shall contain the specific objections to Sprint's filing. A letter from the Director of Telecommunications to the Chief ALJ within ten (10) business days of the tariff filing date shall be deemed a petition in opposition to the proposed tariff. Sprint may submit its reply to any and all such petitions within seven (7) business days thereafter.
- (ii) Unless a Commission Order to suspend, alter or amend the tariff filing is entered on its own motion or after all filings have been submitted pursuant to the above paragraph, the tariff will become effective as filed. Such Order shall be issued no later than thirty (30) days after the tariff filing date.

(b) Tier 2 - Vertical Services (Some Pricing Flexibility)

Rate changes will become effective ten (10) business days after the filing date subject to the following requirements:

- (i) Any petition in opposition to Sprint's proposed tariff shall be submitted to the Commission within ten (10) business days of the tariff filing date. All petitions shall contain the specific objections to Sprint's filing. A letter from the Director of Telecommunications to the Chief ALJ within ten (10) business days of the tariff filing date shall be deemed a petition in opposition to the proposed tariff. Sprint may submit its reply to any and all such petitions within seven (7) business days thereafter.
- (ii) Unless a Commission Order to suspend, alter or amend the tariff filing is entered on its own motion or after all filings have been submitted pursuant to the above paragraph, the tariff will become effective as filed. Such Order shall be issued no later than thirty (30) days after the tariff filing date.
- (c) Tier 3 - Competitive/Other Services (Complete Pricing Flexibility)
Rate changes will become effective upon one day's notice.

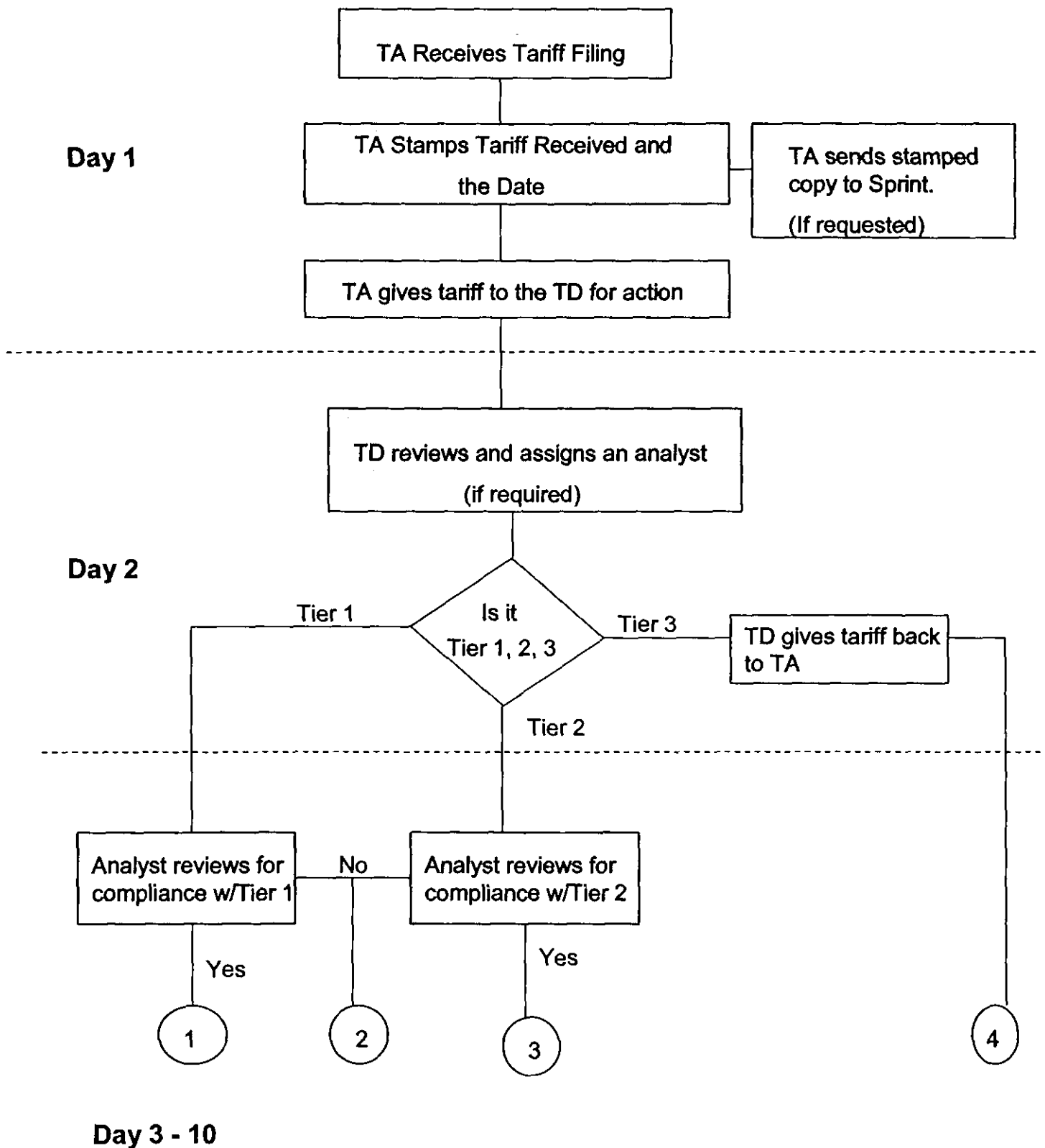
3 FILING PROCEDURES AND PROCESS (ALL TIERS)

- (a) Sprint shall send an original and one copy of all tariff filings to the Tariff Administrator, Indiana Utility Regulatory Commission, 302 W. Washington St., Suite E. 306, Indianapolis, Indiana, 46204 with concurrent copies to the OUCC. The cover letter should state that the filing is in accordance with Cause No. 42459 and which tier applies to the filing.
- (b) The Tariff Administrator ("TA") will stamp all pages of the filing received on the day it is received. If Sprint would like a date stamped copy of the cover letter and/or the tariff they should provide an extra copy of the letter and/or tariff and a stamped self addressed envelope. The TA will give the copies of the tariff to the Telecommunications Division Director and will arrange for notice of the filing to be posted on the Commission's web page at the earliest possible date, which should be no more than 5 business days after the tariff filing.
- (c) After receiving copies of the tariff filing from the TA, the Telecommunications Division Director ("TD") will review the tariff to determine whether it is a Tier 3 filing. If so, the director will give the tariff filing back to the TA. If the director determines that the tariff is a Tier 1 or Tier 2 filing, an analyst will be assigned to review the filing to ensure that it complies with requirements applicable to services in that tier.

- (d) The analyst will review the filing to determine whether it complies with requirements applicable to the particular tier involved. If so, the analyst will give the filing back to the TA. If the filing does not comply with applicable tier requirements, the analyst will generate an issue letter and give the letter and the tariff back to the TD.
- (e) If the TD agrees with the letter he will sign it and forward it to the Chief ALJ within 10 business days of the tariff filing date. The TD's letter will constitute a notice of opposition to the proposed tariff, triggering further review.
- (f) If there is a petition in opposition, whether from the TD or outside parties, Sprint will have 7 business days to file a reply.
- (g) The Commission will review all petitions and replies and provide an Order within 30 days of the filing date of the tariff.
- (h) The TA will wait the required days for each tier and, if there are no petitions in opposition, stamp each page of the filing with "issued pursuant to Cause No. 42459" and the date. The TA will then file the new pages in the tariff on file with the Commission and stamp the old page superceded and the date they were replaced. The superceded pages will be filed in Sprint's superceded file.

Sprint's Tariff Submission Procedures Diagram

TA = Tariff Administrator TD = Telecommunication Director



Sprint's Tariff Submission Procedures Diagram (cont)

